

Message Text

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43

ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01 PRS-01

USIA-06 /103 W

----- 014570

R 151151Z APR 75

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 2561

INFO AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE COLOMBO 1176

E.O. 11652 N/A

TAGS: ECON, ENRG, CE

SUBJ: U.S. FIRM EXPRESSES INTEREST IN SRI LANKA OFFSHORE OIL
EXPLORATION

REF: COLOMBO 0895

1. CEYLON PETROLEUM CORPORATION'S (CPC) RECENT TENDER FOR
OFFSHORE EXPLOATORY OIL DRILLING OFF NORTHWEST COAST
(REPORTED REFTEL) HAS APPARENTLY RECEIVED ON RESPONSE THUS FAR --
FROM SUN MARINE DRILLING COMPANY OF U.S. THEIR SOUTHEAST
ASIA OPERATIONS MANAGER, DEWITT KNOX, SPENT WEEK VISITING
SITES AND CONSULTING WITH CPC AND EXPECTS TO RETURN WITH
FORMAL BID BY DEADLINE OF MAY 1.

2. INCONVERSATIONS WITH EMBASSY JUST BEFORE DEPARTURE,
KNOX EXPRESSED VIEW THAT HE IS ONLY SERIOUS BIDDER AND
THAT CPC IS IN CONSIDERABLE HURRY TO BEGIN OFFSHORE DRILLING.
SEISMIC SURVEYS ARE NOT YET FULLY COMPLETED BUT FIRST SITE
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(OF SIX TO TEN) WILL BE WELL DEFINED BY MID-JULY. IF

SUCCESSFUL BIDDER, SUN MARINE COULD BEGIN OPERATIONS BY LATE SEPTEMBER.

3. IN VISIT TO MANNAR, KNOX MET WITH SOVIET TECHNICIANS WHO ARE CONTINUING SEISMIC STUDIES AND LAND EXPLORATION, BUT LACK THE EXPERTISE REQUIRED FOR OFFSHORE DRILLING.

4. KNOX SEES POSSIBLE DIFFICULTIES ARISING FROM CPC INEXPERIENCE IN OFFSHORE DRILLING AND IN BIDDING PROCEDURES. WEATHER MAY BE POTENTIAL BARRIER TO ACTUAL DRILLING. EMBASSY IS ARRANGING TO SUPPLY METEOROLOGICAL DATA. SHORE SUPPORT FACILITIES ARE SATISFACTORY FOR THEIR REQUIREMENTS.

5. COMMENT: KNOX REPORTS THAT SHALLOW WATER DRILLING REQUIRES SPECIAL EQUIPMENT THAT IS RELATIVELY RARE. THIS COMBINED WITH RAPIDLY APPROACHING DEADLINE MAY RESULT IN SUBMISSION OF ONLY ONE BID. LACK OF A COMPETING BID MAY CAUSE CPC QUALMS WHICH KNOX HOPES TO ALLEVIATE BY OFFERING TO BRING TECHNICAL TEAM AFTER DEADLINE FOR FURTHER NEGOTIATION AND EXPLANATION. SUN MARINE'S EXPERIENCE IN SOUTHEAST ASIA AND CPC'S EAGERNESS TO BEGIN OFFSHORE DRILLING MAY ENHANCE SUN MARINE'S PROSPECTS DESPITE LACK OF GSL ENTHUSIASM IN PAST FOR AMERICAN OIL EXPERTISE.
VAN HOLLEN

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